

Summary for Trust Board members

Report Title:	Finance and Investment Committee – Committee Chair’s Report
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Reporting Committee:	Finance and Investment Committee (FIC)
Chaired by:	Andrew Johnson Non-Executive Director
Lead Executive Director(s):	Rebecca Brown Acting Chief Executive, Simon Lazarus Chief Financial Officer, and Debra Mitchell Acting Chief Operating Officer
Date of FIC:	30 September 2021

Summary of key public matters considered by the Committee:

This report provides a summary of the key public issues considered by the Finance and Investment Committee on 30 September 2021 (*involving Mr A Johnson FIC Non-Executive Director Chair; Ms R Brown Acting Chief Executive; Mr R Cooper Financial Improvement Director; Miss M Durbridge Director of Quality Transformation Efficiency and Improvement; Ms K Gillatt Associate Non-Executive Director; Mr A Haynes Adviser to the Trust Board; Mr D Kerr Director of Estates and Facilities [part]; Mr S Lazarus Chief Financial Officer; Ms D Mitchell Acting Chief Operating Officer; Mr I Orrell Associate Non-Executive Director, and Mr B Patel Non-Executive Director; Mr J Shuter Director of Operational Finance, and Mr M Williams FIC Non-Executive Director* Full Minutes will be issued prior to the October 2021 FIC and November 2021 Trust Board.

- 2021/22 month 5 capital plan update** – expenditure was slightly behind plan (£2.5m variance), with a current forecast year-end underspend of £0.5m. The Capital Monitoring and Investment Committee (CMIC) continued to closely monitor UHL’s capital spend, to ensure that the system (STP) allocation was spent in full as it could not be carried forward. The FIC Non-Executive Director Chair expressed his concern over the reconfiguration capital element which currently accounted for half the variance, and he sought assurance on what corrective steps were being taken to address the capital programme underspend, and what contingency actions were planned. The Chief Financial Officer voiced his confidence in the oversight role of CMIC, and expressed his view that all of the 2021/22 allocation would be spent. The Director of Operational Finance provided additional assurance, informing FIC that the CMIC subgroups were continuously reviewing potential bring-forward schemes; that overall bring-forward plan was being presented to FIC in October 2021. Ms K Gillatt Associate Non-Executive Director sought assurance that the bring-forward schemes would be appropriately targeted at high-risk areas, and would include IM&T enabling schemes to facilitate cash-releasing efficiencies. She also suggested that it would be beneficial to over-commit the Trust’s capital plan, to allow for slippage. The Director of Operational Finance and the Director of Estates and Facilities reiterated their view that appropriate measures were already in place, with contingency/bring-forward plans identified by the subject expert CMIC subgroups on IM&T, estates and medical equipment. The Director of Estates and Facilities provided assurance that a risk-assessed master list was in place, with the highest risk areas appropriate prioritised when looking at bring-forward proposals. In discussion, it was confirmed that the month 6 capital update to the October 2021 FIC would also capture the Linac installation costs.
- 2021/22 month 5 financial performance** – as at month 5 the Trust was ahead of both plan and the H1 forecast. The actual position (including Top Up funding) was a £7.1m surplus, which was £3.8m favourable to forecast and £5.4m favourable to plan, primarily due to operational drivers (continued constraints on elective recovery activity due to very significant emergency pressures). The Acting Chief Operating Officer expanded on this issue, briefing FIC on the activity position and specific pressures facing UHL, and advised of her view that winter would be extremely challenging. Staff were under continued extreme pressure, and although CMG forecasting ability had improved the lack of predictability re: activity was challenging. The FIC Non-Executive Director Chair considered that recruitment continued to be a concern in terms of UHL’s ability to manage restoration and recovery and winter pressures. Recent national changes to infection prevention requirements would improve throughput, however. Mr M Williams Non-Executive Director queried whether the planned significant increase in the month 6 pay runrate was supported by the current forecast, reiterated his previously-expressed comments on the need for UHL’s figures and forecasting to be credible, and queried where this was being overseen within the Trust. A recruitment pipeline was in existence, and the Acting Chief Executive suggested that further assurance on pay/headcount forecasting be reported through the Executive People and Culture Board and the People and Culture Committee. The FIC Non-Executive Director Chair echoed Non-Executive Directors’ wish for greater assurance on staffing forecasts, given the current position against plan. The FIC Non-Executive Director Chair also queried whether Executive Directors were content with current CMG financial forecasting ability.

In further discussion on the month 5 financial report, Non-Executive Director members of FIC particularly queried the position re: debtors, requesting further detail on the quantum involved and progress on the plan to address private patient/overseas debt. Non-Executive Directors queried the balance sheet and surplus position

implications, and requested a deep dive on debtors at the next FIC, with a detailed improvement plan then to come to a future FIC. The Chief Financial Officer commented that this was not an easy issue to fix, but work was underway.

The discussion above on the month 5 financial position is highlighted to Trust Board members for information.

- **Becoming the Best Transformation and 2021/22 CIP update** – as agreed previously, the report also included an update on the work of the Improvement Collaborative, as a key enabler for sustained financial improvements to efficiency and transformation. The new Head of the Improvement Collaborative had a commercial background and 2 initial pilots would focus on endoscopy and vascular services. Non-Executive Directors queried how quickly those pilots would deliver demonstrable efficiencies, and whether there was national evidence of the benefits of such an approach (there was). With regard to the H1 CIP position, the amount of cash-releasing schemes on the tracker now stood at £8.1m, with further improvements anticipated. Overall, the efficiency and productivity H1 savings had not been able to be delivered in full due to the operational pressures facing the Trust (emergency pressures leading to reduced elective activity, and continued Covid-19 pressures). If operational pressures eased, the H1 productivity savings could be recovered in H2. The Director of Quality Transformation Efficiency and Improvement provided assurance to FIC that the Trust's H2 focus would be on workforce CIP savings, but she emphasised the significant challenges and noted that the pace of the workforce savings had had to be tempered due to quality and safety considerations arising from emergency pressures. Good progress had been made, however, in setting up a large number of additional bank contracts, which would reduce agency usage.

The first cut of the 2022/23 CIP plan would be presented to the October 2021 FIC, and the Director of Quality Transformation Efficiency and Improvement advised that work was underway to fully understand the workforce impact. The Financial Improvement Director strongly emphasised the need for an appropriate level of focus and energy to be devoted to the workforce CIP workstreams, given the significant amount to be delivered through such savings and the scope for 'quick wins'. The Acting Chief Operating Officer reiterated, however, the need to be mindful of the pressures facing staff in these unprecedented times, and the imperative to prevent increased clinical risk, noting her view that some of the measures which might apply in 'normal' times were not necessarily deliverable in the current circumstances. Although recognising these points, FIC Non-Executive Directors noted the need for an appropriate grip on pay and productivity. Executive Directors commented on the need for a pragmatic approach taking account of current pressures, and Mr B Patel Non-Executive Director considered that the report needed to provide more information on the various risk factors. The FIC Non-Executive Director Chair recognised the challenge facing the Trust to balance the risks, and he emphasised the need for appropriate communication of the position. The FIC Non-Executive Director Chair considered that the Director of Quality Transformation Efficiency and Improvement appeared to have a good grip on the CIP plan.

- **Roadmap to Sustainable Financial Improvement** – the Acting Chief Executive and the Financial Improvement Director presented the September 2021 iteration of the assurance roadmap, which would be further updated for the November 2021 Trust Board. FIC members agreed that the issues within the assurance roadmap had been covered in the discussions at today's meeting.
- **Financial Recovery Board (FRB)** – FIC received and noted for information the action notes from the FRB meetings held on 18 August 2021 and 1 September 2021, the actions from the 15 September 2021 FRB, and the agenda from the 29 September 2021 FRB.
- **Items for noting** – the following reports were received for information:-
 - Executive Finance and Performance Board action notes from 24 August 2021, and
 - Executive Finance and Performance Board agenda from 28 September 2021.

Public matters requiring Trust Board consideration and/or approval:

Recommendations for approval

- none

Items highlighted to the Trust Board for information

- 2021/22 month 5 financial position.

Public matters referred to other Committees:

- Pay/headcount forecasting to be discussed at Executive People and Culture Board, and People and Culture Committee.

Date of next FIC meeting: 28 October 2021